

# Milk Pricing

## NEWSLETTER

Dairy Marketing Branch, CDFA

August 2006

### Cheddar Cheese and Grade A Butter Commodity Prices On the Rise . . .

The minimum price of milk, established by the Department each month, is the price that dairy processors must pay for milk used to produce dairy products. National commodity prices, primarily butter, Cheddar cheese, and nonfat dry milk, are significant factors in determining the minimum milk price (*See national commodities prices chart on page 2*).

The national commodity prices for Cheddar cheese and Grade A Butter increased compared to last month. Consequently, the prices for all types of milk increased slightly: whole milk increased five and one tenth cents per gallon; reduced fat milk increased three and seven tenths cents per gallon; lowfat milk increased two and eight tenths cents per gallon; and skim milk increased one and six tenths cents per gallon.

Milk production across the U.S. continues to be affected by the recent heat waves and overall summer weather conditions. The recent loss of milk production due to heat stress may have a long-term impact on production in many areas. Supplies of dairy products are tightening which could bring the commodity prices of butter and cheese higher. Fluid milk sales should be on the increase as the school season begins this month.

The table below shows individual prices for the four types of fluid milk by container size and the price changes from the previous month. The prices listed represent the minimum price paid by processors for the milk only - no other processing costs are included.

\*See lowest reported lawful retail milk prices on page 2.

#### Minimum Prices for the Four Types of Fluid Milk by Container Size for September 2006

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
<b>Northern California</b>						
Whole	\$1.086	\$0.543	\$0.271	\$0.136	\$0.090	\$0.068
Reduced Fat 2%	\$0.991	\$0.496	\$0.248	\$0.124	\$0.083	\$0.062
Lowfat 1%	\$0.936	\$0.468	\$0.234	\$0.117	\$0.078	\$0.059
Nonfat (Skim)	\$0.705	\$0.353	\$0.176	\$0.088	\$0.059	\$0.044
<b>Southern California</b>						
Whole	\$1.109	\$0.554	\$0.277	\$0.139	\$0.092	\$0.069
Reduced Fat 2%	\$1.015	\$0.507	\$0.254	\$0.127	\$0.085	\$0.063
Lowfat 1%	\$0.960	\$0.480	\$0.240	\$0.120	\$0.080	\$0.060
Nonfat (Skim)	\$0.730	\$0.365	\$0.182	\$0.091	\$0.061	\$0.046

#### Price Changes from the Previous Pricing Period

	Gallon	1/2 Gallon	Quart	Pint	1/3 Quart	1/2 Pint
Whole	\$0.051	\$0.026	\$0.013	\$0.006	\$0.004	\$0.003
Reduced Fat 2%	\$0.037	\$0.019	\$0.009	\$0.005	\$0.003	\$0.002
Lowfat 1%	\$0.028	\$0.014	\$0.007	\$0.004	\$0.002	\$0.002
Nonfat (Skim)	\$0.016	\$0.008	\$0.004	\$0.002	\$0.001	\$0.001

California Department of Food and Agriculture (CDFA)

A.G. Kawamura, Secretary

Price Information Lines: (800) 503-3490 within California; (916) 442-MILK outside California  
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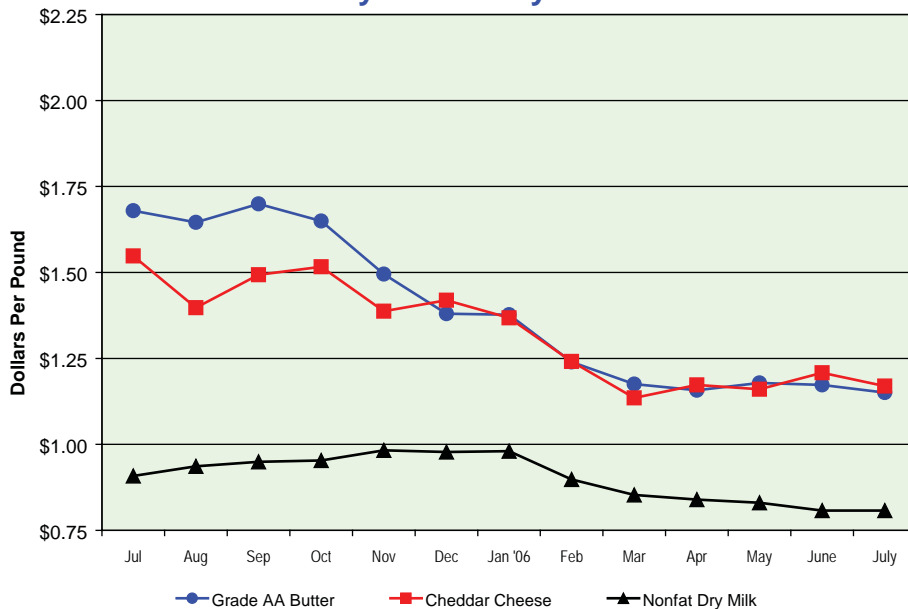
## Minimum Prices for the Milk Component of Various Manufactured Dairy Products

The minimum prices for the raw milk component used by processors in manufacturing dairy products are listed in the table to the right. No other costs incurred by the processor are included, such as:

- milk quality premiums,
- milk composition premiums,
- competitiveness for availability of milk premiums,
- transportation costs,
- plant processing costs,
- service charges
- marketing costs

	Lowfat Yogurt (\$/quart)	Super-Premium Ice Cream (\$/ 1/2 gal)	Generic Ice Cream (\$/ 1/2 gal)
September	\$0.22	\$1.49	\$0.57
October	\$0.23	\$1.59	\$0.61
November	\$0.23	\$1.59	\$0.61
December	\$0.23	\$1.50	\$0.58
January '06	\$0.23	\$1.50	\$0.58
February	\$0.22	\$1.35	\$0.52
March	\$0.22	\$1.35	\$0.52
April	\$0.19	\$1.17	\$0.45
May	\$0.19	\$1.17	\$0.45
June	\$0.19	\$1.14	\$0.44
July	\$0.19	\$1.14	\$0.44
August	\$0.18	\$1.13	\$0.44

### National Commodity Prices July 2005 - July 2006



### Lowest Reported Lawful Retail Prices for Milk August 2006

	Two-Pack	Single Gallon
<u>Northern California</u>		
Whole Milk	\$4.19	\$2.10
Reduced Fat	\$3.99	\$2.00
1% Lowfat	\$3.99	\$2.00
Nonfat/Skim	\$3.39	\$1.70
<u>Southern California</u>		
Whole Milk	\$3.99	\$2.00
2% Reduced Fat	\$3.89	\$1.95
1% Lowfat	\$3.89	\$1.95
Nonfat/Skim	\$3.25	\$1.63

This newsletter can also be found on our website at:  
[www.cdffa.ca.gov/dairy/milkpricing-nl.html](http://www.cdffa.ca.gov/dairy/milkpricing-nl.html)

In accordance with the California Government Code and ADA requirements, this publication can be made available in an alternative format by contacting Karen Dapper at (916) 341-5988, by email at [dairy@cdffa.ca.gov](mailto:dairy@cdffa.ca.gov), or by contacting TDD 1-800-735-0193.

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